

Fwd: GDP Impact of Blockades

From: "Sabia, Michael" <michael.sabia@fin.gc.ca>
To: "Freeland, Honourable/Honorable Chrystia" <Personal Info. >
Date: Tue, 22 Feb 2022 15:14:00 +0000

Answer to your question about the economic impacts of the blockades.

Sent from my iPhone

Begin forwarded message:

From: "Mendes, Rhys" <Rhys.Mendes@fin.gc.ca>
Date: February 22, 2022 at 10:10:37 AM EST
To: "Sabia, Michael" <michael.sabia@fin.gc.ca>
Cc: "Leswick, Nick" <Nick.Leswick@fin.gc.ca>, "Williams, Tushara" <Tushara.Williams@fin.gc.ca>
Subject: GDP Impact of Blockades

Michael,

As requested, here is our best current estimate of the impact of the blockades:

- **With the current information, we estimate that the border blockades would reduce the level of GDP in 2022Q1 by 0.03 to 0.05 percent. In terms of annualized growth, this would knock off about 0.1-0.2 percentage points in 2022Q1. Much of the impact on the level of GDP will likely be recouped in 2022Q2, as production catches up.**
- The blockades occurred at a time when supply chains were already under significant stress from the pandemic, and were highly disruptive to Canada-U.S. trade flows – delaying about \$511 million per day in traded goods and increasing shipping costs.
- A major impact of the blockades on real GDP has been the loss of production of autos and parts, with an estimated 10% decline in February auto production. While of this will likely be recouped in the coming months, the exact timeline is uncertain.
- The ultimate impact will, among other things, depend on ability of affected businesses to increase production beyond normal levels to catch up on lost output in the coming weeks.
- These economic impacts could quickly escalate in the event that blockades were to re-emerged and if other crossings had become unavailable.

Rhys